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OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
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<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY
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<input type="checkbox"/>		<input type="checkbox"/>	RETURN
<input type="checkbox"/>		<input type="checkbox"/>	SIGNATURE
Remarks: <p style="text-align: center;">FYI - response to request by Dick Childress, NSC.</p> <div style="text-align: right;"> <i>[Handwritten signatures: JAC, PS, ME, HJA]</i> </div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-top: 20px;"> DIA review completed. </div>			
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FROM: NAME, ADDRESS AND PHONE NO.			DATE
Chief, SEAD			12 Jan 84
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Central Intelligence Agency



Washington, D.C. 20505

12 JAN 1984

MEMORANDUM FOR: Richard T. Childress, NSC

FROM:

Southeast Asia Division, OEA

SUBJECT: Indonesian Naval Facility in South Sumatra

1. [redacted] the Indonesian navy has for some time intended to construct a major facility at Teluk Ratai in South Sumatra and in the last year or so has moved closer to initiating the project. However, information on the status and scope of the facility is spotty. In February 1983 then-Minister of Defense Gen. Jusuf announced the base would cost over \$5 billion and require some four years to build. The US Defense Attache has been dubious of earlier official indications that the base would accommodate 30,000 personnel since the figure is larger than the total complement of the Indonesian navy. In any event, we doubt that construction could be completed within a four-year period. [redacted]

2. The facility is intended as part of the long-term upgrading of the navy, according to the Indonesians, and will replace Surabaya as the main naval base. Teluk Ratai will afford the navy a strategic location for controlling the Sunda and Malacca Straits and access to the South China Sea. We have seen nothing to suggest Jakarta is considering the planned facility as an alternative for US forces at the Clark and Subic bases. We concur with your judgment that Jakarta's studied nonalignment argues strongly against the prospect of any Indonesian military alliance with the United States, much less granting us access to military facilities. A possible explanation for the Indonesian remarks that the facility would be an alternative site for US forces is that they were intended to reassure the potential contractor of Indonesia's goodwill toward the United States. [redacted]

DIA review completed

3. We believe budgetary constraints will almost certainly delay construction of the new base. Defense spending in recent years has not been exempt from the fiscal restraint applied to the total budget. While we have not yet seen the upcoming five-year military plan (Renstra III), we anticipate it will reflect the harsher economic realities. Armed Forces Commander Murdani's stated intention to stress training over major equipment acquisitions further suggests that funding for Teluk Ratai will be limited.

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